

Byron W. Hinson
 Director
 Rates and Regulatory Services



September 13, 2018

Ms. Jocelyn Boyd
 Chief Clerk & Administrator
 The Public Service Commission of South Carolina
 101 Executive Center Drive, Suite 100
 Columbia, South Carolina 29210

Dear Ms. Boyd:

Attached are copies of the Quarterly Report for South Carolina Electric & Gas Company, Electric Retail Operations and Gas Distribution Operations for the twelve months ended June 30, 2018.

The return on equity ("ROE") for SCE&G's retail electric operations of 8.46% for the twelve months ended June 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSG") in Order No. 2012-9511 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 8.46% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, costs, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 8.46% for the twelve months ending June 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSG, if that relief is granted, it could lead to further impairment and related cascading events.

Ms. Jocelyn Boyd
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Additionally, pursuant to PSC Order No. 2018-308 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve-months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

SCE&G reserves its rights to supplement this filing, as appropriate.

Sincerely,



Byron W. Hinson

cw

Attachments

c: Dawn Hipp (ORS)
Jay Jashinsky (ORS)

CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



Signature of Chief Executive Officer

Jimmy E. Addison

Typed or Printed Name of Person Signing

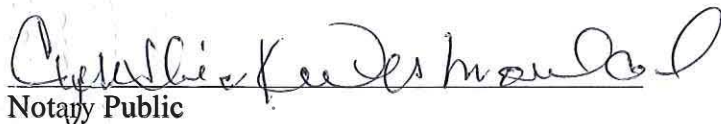
Chief Executive Officer

Title



Date Signed

Subscribed and Sworn to me on this 12th of September 2018.



Notary Public

My Commission Expires: 07-26-2021

CERTIFICATION

I, Iris N. Griffin, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.


Signature of Chief Financial Officer

Iris N. Griffin

Typed or Printed Name of Person Signing

Chief Financial Officer

Title

9/10/18
Date Signed

Subscribed and Sworn to me on this 10th October 2018.


Notary Public

My Commission Expires: 07-25-21

SOUTH CAROLINA ELECTRIC & GAS COMPANY
RETAIL ELECTRIC
OPERATING EXPERIENCE
TWELVE MONTHS ENDED JUNE 30, 2018

DESCRIPTION	PER BOOKS ADJ. FOR REGULATORY ORDERS ⁽¹⁾ (\$)	ACCOUNTING & PRO FORMA ADJUSTMENTS (\$)	TOTAL AS ADJUSTED (\$)
	COL. A	COL. B	COL. C
<u>OPERATING REVENUES</u>	<u>2,453,186,989</u>	<u>(242,278,490)</u>	<u>2,210,908,499</u>
<u>OPERATING EXPENSES</u>			
Fuel Costs	679,464,196	-	679,464,196
Other O&M Expenses	579,625,989	(20,158,672)	559,467,317
Deprec. & Amort. Expenses	274,474,963	986,091	275,461,054
Taxes Other Than Income	212,915,115	4,899,400	217,814,515
Income Taxes	<u>165,811,283</u>	<u>(50,370,973)</u>	<u>115,440,310</u>
Total Operating Expenses	1,912,291,546	(64,644,154)	1,847,647,392
Operating Return	540,895,443	(177,634,336)	363,261,107
Customer Growth	4,387,324	(1,440,832)	2,946,492
Int. on Customer Deposits	<u>(1,410,537)</u>	<u>-</u>	<u>(1,410,537)</u>
Total Income for Return	<u>543,872,230</u>	<u>(179,075,168)</u>	<u>364,797,062</u>
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	10,134,863,331	(304,970,530)	9,829,892,801
Reserve for Deprec.	<u>3,881,648,126</u>	<u>161,062</u>	<u>3,881,809,188</u>
Net Plant	6,253,215,205	(305,131,592)	5,948,083,613
CWIP	294,386,925	(55,003,651)	239,383,274
Net Deferred/Credits	3,240,207,666	(3,836,580,044)	(596,372,378)
Accum. Def. Income Taxes	(876,835,755)	(1,409,748)	(878,245,503)
Materials & Supplies	391,388,946	13,023,927	404,412,873
Working Capital	<u>30,618,852</u>	<u>(2,519,834)</u>	<u>28,099,018</u>
Total Original Cost Rate Base	<u>9,332,981,839</u>	<u>(4,187,620,942)</u>	<u>5,145,360,897</u>
 RATE OF RETURN	 5.83%		 7.09%
RETURN ON EQUITY	6.06%		8.46%

Note (1) The regulatory per books amounts shown in Column A, Per Books Adj. for Regulatory Orders reflect the following:

- The net investment in the nuclear project is recorded in Net Deferred Debits/Credits and has been removed from CWIP;
- SCE&G has reduced the amount of Net Deferred Debits/Credits by cumulative impairment charges of \$870 million which SCE&G recognized during the third and fourth quarters of 2017;
- SCE&G has removed the tax impacts of these impairment charges from amounts shown here; and
- SCE&G has reflected its estimate of tax reform for the first and second quarters of 2018.

For information purposes only, including DSM revenues and expenses, the Total as Adjusted ROE is 9.09%

The return on equity ("ROE") for SCE&G's retail electric operations of 8.46% for the twelve months ended June 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 8.46% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, costs, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 8.46% for the twelve months ending June 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-30E issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve months ending December 31, 2017.

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Supplemental
Schedule To
Exhibit ASOUTH CAROLINA ELECTRIC & GAS COMPANY
ANNUALIZED INTEREST EXPENSE

TWELVE MONTHS ENDED JUNE 30, 2018

RATE BASE	\$ 9,582,422,690
LONG-TERM DEBT RATIO	<u>47.50%</u>
	\$ 4,551,650,778
AVERAGE COST OF DEBT	<u>5.58%</u>
ANNUALIZED INTEREST	\$ 253,982,113
TAX BOOK INTEREST	<u>\$ 265,163,069</u>
INTEREST ADJUSTMENT	<u>\$ (11,180,956)</u>

ADJUSTMENT TO INCOME TAXES:

STATE INCOME TAX @ 5%	\$ 559,048
FEDERAL INCOME TAX @ 21%	<u>\$ 2,230,601</u>
TOTAL INCOME TAX EFFECT	\$ 2,789,649
RETAIL ELECTRIC RATE BASE PERCENTAGE	<u>97.98%</u>
	<u>\$ 2,733,252</u>

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SOUTH CAROLINA ELECTRIC & GAS COMPANY
PLANT IN SERVICE, CONSTRUCTION WORK IN PROGRESS, AND RESERVE FOR DEPRECIATION

AT JUNE 30, 2018

	TOTAL PER BOOKS ADJ. FOR REGULATORY ORDERS \$	RATIOS %	ALLOCATED TO RETAIL \$
<u>ELECTRIC PLANT IN SERVICE</u>			
Production	\$ 4,707,775,201	96.83%	\$ 4,558,538,727
Transmission	\$ 1,704,237,872	96.67%	\$ 1,647,401,539
Distribution	\$ 3,334,217,104	99.99%	\$ 3,333,850,340
General	\$ 202,662,566	97.86%	\$ 198,585,233
Intangible	\$ 76,897,984	97.86%	\$ 77,226,808
Common	\$ 326,169,435	97.88%	\$ 319,260,684
TOTAL	<u>\$ 10,354,180,182</u>		<u>\$ 10,134,863,331</u>
<u>CONSTRUCTION WORK IN PROGRESS</u>			
Production	\$ 128,687,179	96.83%	\$ 124,607,795
Transmission	\$ 128,412,591	96.67%	\$ 124,130,031
Distribution	\$ 25,102,144	99.99%	\$ 25,099,384
General	\$ (1,732,733)	97.86%	\$ (1,696,031)
Intangible	\$ 21,043,952	97.88%	\$ 20,598,210
Common	\$ 1,683,189	97.88%	\$ 1,647,536
TOTAL	<u>\$ 303,196,322</u>		<u>\$ 294,386,925</u>
<u>RESERVE FOR DEPRECIATION</u>			
Production	\$ 2,239,435,617	96.83%	\$ 2,168,445,508
Transmission	\$ 366,604,681	96.67%	\$ 354,396,745
Distribution	\$ 1,058,949,062	99.99%	\$ 1,058,832,578
General	\$ 157,589,465	97.73%	\$ 154,007,056
Common	\$ 149,361,609	97.73%	\$ 145,966,239
TOTAL	<u>\$ 3,971,940,434</u>		<u>\$ 3,881,648,126</u>

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EXHIBIT A-2

SOUTH CAROLINA ELECTRIC & GAS COMPANY
RETAIL ELECTRIC OPERATIONS

AT JUNE 30, 2018

<u>NET DEFERRED DEBITS/CREDITS</u>	<u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u>	<u>ACCOUNTING & PRO FORMA ADJUSTMENTS</u>	<u>TOTAL AS ADJUSTED</u>
Environmental	(437,683)		(437,683)
Wateree Scrubber Deferral - Ratebase Adj	17,123,481	-	17,123,481
FASB 106 Rate Base Reduction	(117,670,247)	(210,733)	(117,880,980)
Pension Deferral - Rate Base Adj	37,767,717	-	37,767,717
Tax Reform Impact *	(604,832,715)	-	(604,832,715)
Canadys Retirement - Rate Base Adj	71,887,801	-	71,887,801
Abandoned Nuclear Units	3,836,369,311	(3,836,369,311)	(0)
TOTAL	3,240,207,666	(3,836,580,044)	(596,372,378)
* Offset is in Per Books ADIT			
<u>MATERIALS & SUPPLIES</u>			
Nuclear Fuel	209,648,461	-	209,648,461
Fossil Fuel	44,516,915	13,023,927	57,540,842
Other Materials & Supplies	137,223,570	-	137,223,570
TOTAL	391,388,946	13,023,927	404,412,873
<u>WORKING CAPITAL, OTHER THAN MATERIALS & SUPPLIES</u>			
Working Cash	117,667,706	(2,519,834)	115,147,872
Prepayments	101,081,900	-	101,081,900
Total Investor Advanced Funds	218,749,606	(2,519,834)	216,229,772
Less: Customer Deposits	(53,250,891)	-	(53,250,891)
Average Tax Accruals	(118,012,207)	-	(118,012,207)
Nuclear Refueling	(10,556,034)	-	(10,556,034)
Injuries & Damages	(6,311,622)	-	(6,311,622)
TOTAL WORKING CAPITAL	30,618,852	(2,519,834)	28,099,018

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SOUTH CAROLINA ELECTRIC & GAS COMPANY
ACCOUNTING & PRO FORMA ADJUSTMENTS
TOTAL ELECTRIC
OPERATING EXPERIENCE
TWELVE MONTHS ENDED JUNE 30, 2018

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 21% ⁽²⁾	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	MATERIALS & SUPPLIES	ADIT	DEFERRED DBT/ORDT	WORKING CASH
1	WAGES, BENEFITS & PAYROLL TAXES		150,439		10,654	(8,055)	(32,138)							18,805
2	INCENTIVE COMPENSATION ADJUSTMENT ⁽¹⁾ (4)		4,031,489		81,724	(205,661)	(1,094,115)							503,936
3	ANNUALIZE HEALTH CARE		(796,333)			39,817	158,868							(99,542)
4	REMOVE EMPLOYEE CLUBS ⁽¹⁾			(137,101)		6,855	36,469	(5,613,788)	(2,264,454)	(3,581)				-
5	PROPERTY RETIREMENTS													
6	REMOVE NEW NUCLEAR AMOUNTS ⁽³⁾	(318,984,512)	(12,296,946)	(746,797)	(2,270,214)	(15,183,528)	(79,902,408)	(311,751,177)	(746,797)	(54,722,741)		(1,455,900)	(3,961,963,556)	(1,537,118)
7	CWIP							1,945,155		(2,081,536)				
8	ANNUALIZE DEPRECIATION BASED ON CURRENT RATES			1,870,468		(93,523)	(373,158)		3,153,601					
9	ADJUST PROPERTY TAXES				6,859,559	(342,978)	(1,368,482)							
10	ANNUALIZE INSURANCE EXPENSE		570,748			(28,537)	(113,864)							71,344
11	OPEB		288,582			(14,429)	(57,572)						(216,581)	36,073
12	TAX EFFECT OF ANNUALIZED INTEREST					5,742,603	22,942,963							
13	REMOVE AMOUNTS ASSOCIATED WITH DSM ⁽¹⁾	(37,033,251)	(12,327,377)		(165,426)	(1,227,022)	(6,527,759)							(1,540,922)
14	SWAP ADJUSTMENT	113,739,273			508,073	5,661,560	22,589,624							
15	FUEL INVENTORY										13,569,418			
	TOTAL	(242,278,490)	(20,379,398)	986,670	5,024,368	(5,652,898)	(43,741,572)	(315,419,810)	142,350	(56,807,858)	13,569,418	(1,455,900)	(3,962,180,137)	(2,547,424)

Notes:

(1) Reflects blended federal tax rate of 28% (6 months at 35%, 6 months at 21%)

(2) Reflects Current corporate tax rate

(3) Reflects blended federal tax rate of 28% & some elements at 35% previous corporate tax rate

(4) Reflects reversal of certain prior period incentive accruals

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SOUTH CAROLINA ELECTRIC & GAS COMPANY
ACCOUNTING & PRO FORMA ADJUSTMENTS
RETAIL ELECTRIC
OPERATING EXPERIENCE
TWELVE MONTHS ENDED JUNE 30, 2018

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 21% (2)	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	MATERIALS & SUPPLIES	ADJ.	DEFERRED DBT/CREDIT	WORKING CASH
1	WAGES, BENEFITS & PAYROLL TAXES		146,377		10,366	(7,837)	(31,270)							18,297
2	INCENTIVE COMPENSATION ADJUSTMENT (1) (4)		3,922,639		79,517	(200,108)	(1,064,573)							490,330
3	ANNUALIZE HEALTH CARE		(774,832)			38,742	154,579							(96,854)
4	REMOVE EMPLOYEE CLUBS (1)			(133,984)		6,699	35,640	(5,494,880)	(2,212,977)	(3,505)				-
5	PROPERTY RETIREMENTS													
6	REMOVE NEW NUCLEAR AMOUNTS (3)	(318,984,512)	(11,964,928)	(721,891)	(2,247,391)	(15,202,515)	(80,027,018)	(301,354,275)	(721,891)	(52,988,030)		(1,409,748)	(3,836,369,311)	(1,495,616)
7	CWIP							1,878,625		(2,012,116)				
8	ANNUALIZE DEPRECIATION BASED ON CURRENT RATES			1,841,966		(92,098)	(367,472)		3,095,930					
9	ADJUST PROPERTY TAXES				6,714,263	(335,713)	(1,339,496)							
10	ANNUALIZE INSURANCE EXPENSE		558,659			(27,933)	(111,452)							69,832
11	OPEB		280,790			(14,040)	(56,018)						(210,733)	35,099
12	TAX EFFECT OF ANNUALIZED INTEREST					5,560,217	22,214,290							
13	REMOVE AMOUNTS ASSOCIATED WITH DSM (1)	(37,033,251)	(12,327,377)		(165,428)	(1,227,022)	(6,527,759)							(1,540,922)
14	SWAP ADJUSTMENT	113,739,273			508,073	5,661,560	22,589,624							
15	FUEL INVENTORY										13,023,927			
	TOTAL	(242,278,490)	(20,158,672)	986,091	4,899,400	(5,640,048)	(44,530,925)	(304,970,530)	161,062	(55,003,651)	13,023,927	(1,409,748)	(3,836,580,044)	(2,519,834)

Notes:

(1) Reflects blended federal tax rate of 28% (6 months at 35%, 6 months at 21%)

(2) Reflects Current corporate tax rate

(3) Reflects blended federal tax rate of 28% & some elements at 35% previous corporate tax rate

(4) Reflects reversal of certain prior period incentive accruals

The return on equity ("ROE") for SCE&G's retail electric operations of 8.46% for the twelve months ended June 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is ~~under~~ earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 8.46% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, costs, related ~~base~~ adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 8.46% for the twelve months ending June 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-398 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the remeasurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

SCE&G reserves its rights to supplement this filing, as appropriate.

EXHIBIT B

SOUTH CAROLINA ELECTRIC & GAS COMPANY
CAPITAL STRUCTURE
AT JUNE 30, 2018

<u>RETAIL ELECTRIC</u>	<u>CAPITALIZATION</u>	<u>RATIO</u>	<u>EMBEDDED</u>	<u>OVERALL</u>
	\$	%	COST/RATE	COST/RATE
			%	%
LONG-TERM DEBT	5,078,770,000	47.50	5.58	2.65
PREFERRED STOCK	100,000	0.00	0.00	0.00
COMMON EQUITY	5,614,191,216	52.50	8.46	4.44
TOTAL	<u>10,693,061,216</u>	<u>100.00</u>		<u>7.09</u>

The capital structure includes the net impact of the third quarter debt issuance.

The return on equity ("ROE") for SCE&G's retail electric operations of 8.46% for the twelve months ended June 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 8.46% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, costs, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 8.46% for the twelve months ending June 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-308 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve-months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

SCE&G reserves its rights to supplement this filing, as appropriate.

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

TWELVE MONTHS ENDED JUNE 30, 2018

NET INCOME AFTER DIV. OF PREF. STOCK	(\$266,398,800)
EARNINGS PER SHARE	(\$1.86)
AVG. NUMBER OF SHARES OUTSTANDING	142,916,917

The return on equity ("ROE") for SCE&G's retail electric operations of 8.46% for the twelve months ended June 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 8.46% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, costs, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 8.46% for the twelve months ending June 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-308 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve-months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the measurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

SCE&G reserves its rights to supplement this filing, as appropriate.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
RATIO OF EARNINGS TO FIXED CHARGES ¹
TWELVE MONTHS ENDED JUNE 30, 2018

LINE NO.		\$000's
1	EARNINGS	
2	Net Income	(514,838)
3	Losses from Equity Investees	5,710
4	Total Fixed Charges, As Below	297,530
5	TOTAL EARNINGS	(211,598)
6	FIXED CHARGES	
7	Interest on Long-Term Debt	273,069
8	Other Interest	17,970
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	2,834
10	Rental Int. Portion	3,657
11	Distribution on Trust Preferred	-
12	TOTAL FIXED CHARGES	297,530
13	Pre-tax earnings required to pay Preference Security Dividend	-
14	Total Fixed Charges and Preference Security Dividend	297,530
15	RATIO OF EARNINGS TO FIXED CHARGES	(0.71)
16	¹ - SEC COVERAGE	

The return on equity ("ROE") for SCE&G's retail electric operations of 8.46% for the twelve months ended June 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-251 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 8.46% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, costs, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 8.46% for the twelve months ending June 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-308-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-308 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

SCE&G reserves its rights to supplement this filing, as appropriate.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
TOTAL GAS DISTRIBUTION - OPERATING EXPERIENCE
12 MONTHS ENDED
June, 2018

DESCRIPTION	PER BOOKS ADJ. FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	COL. A	COL. B	COL. C
	\$	\$	\$
OPERATING REVENUES	424,535,470	956,937	425,492,407
OPERATING EXPENSES			
Cost of Gas	219,994,049		219,994,049
Other O&M Expenses	68,260,711	(31,358)	68,229,354
Deprec. & Amort. Expenses	30,964,769	594,855	31,559,624
Taxes Other Than Income	30,556,202	1,617,980	32,174,181
Income Taxes	15,964,834	(298,775)	15,666,059
State	838,690	(59,875)	778,815
Federal	6,124,844	(238,901)	5,885,944
Def. Inc. Taxes (Net)	9,113,800	-	9,113,800
Invest. Tax Cr. (Net)	(112,500)	-	(112,500)
Total Operating Expenses	365,740,565	1,882,702	367,623,266
Operating Return	58,794,906	(925,765)	57,869,141
Customer Growth	1,038,089	-	1,038,089
Int. on Cust. Deposits Net	(213,537)		(213,537)
Total Income For Return	59,619,458	(925,765)	58,693,693
ORIGINAL COST RATE BASE			
Gross Plant in Service	1,220,641,256	(537,634)	1,220,103,622
Reserve for Depre.	458,240,630	440,508	458,681,138
Net Plant	762,400,626	(978,142)	761,422,484
CWIP	17,167,586	(343)	17,167,243
Accum. Def. Income Taxes	(93,428,900)	-	(93,428,900)
Net Deferred Debits / Credits	(83,322,190)	(37,902)	(83,360,092)
Materials & Supplies	18,428,086	-	18,428,086
Working Capital	(5,825,949)	(3,920)	(5,829,869)
Total Original Cost Rate Base	615,419,259	(1,020,306)	614,398,953
RATE OF RETURN	9.69%		9.55%
RETURN ON EQUITY	13.41%		13.15%

The financial information contained here excludes from SCE&G's capital structure the effects of impairments recorded for financial reporting purposes in response to uncertainties concerning the recovery of its investment in the new nuclear development project. SCE&G has computed the returns set forth here based on its pre-impairment capital structure. Further, the capital structure includes the net impact of the third quarter debt issuance.

Additionally, SCE&G filed its 2018 RSA Filing on June 15, 2018, for the test year ended March 31, 2018, with newly proposed pro forma adjustments including the estimated annualized impact of the Tax Cuts and Jobs Act ("Tax Act"). The proposed Tax Act adjustments included the treatment of certain accumulated deferred income taxes representing excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. The newly proposed pro forma adjustments are pending PSC approval and therefore, are not reflected in the Total as Adjusted ROE for the twelve months ending June 30, 2018.

SUPPLEMENTAL
SCHEDULE
TO EXHIBIT A

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY
GAS ANNUALIZED INTEREST EXPENSE
12 MONTHS ENDED
June, 2018**

RATE BASE	\$615,419,259
LONG-TERM DEBT RATIO	0.4750
	<u>\$292,324,148</u>
AVERAGE COST OF DEBT	0.0558
ANNUALIZED INTEREST	<u>\$16,311,687</u>
TAX BOOK INTEREST	\$21,474,020
INTEREST ADJUSTMENT	<u>(\$5,162,333)</u>
ADJUSTMENT TO INCOME TAXES:	
STATE INCOME TAX	<u>\$258,117</u>
FEDERAL INCOME TAX	<u>\$1,029,885</u>
TOTAL INCOME TAX EFFECT	<u>\$1,288,002</u>

The financial information contained here excludes from SCE&G's capital structure the effects of impairments recorded for financial reporting purposes in response to uncertainties concerning the recovery of its investment in the new nuclear development project. SCE&G has computed the returns set forth here based on its pre-impairment capital structure. Further, the capital structure includes the net impact of the third quarter debt issuance.

Additionally, SCE&G filed its 2018 RSA Filing on June 15, 2018, for the test year ended March 31, 2018, with newly proposed pro forma adjustments including the estimated annualized impact of the Tax Cuts and Jobs Act ("Tax Act"). The proposed Tax Act adjustments included the treatment of certain accumulated deferred income taxes representing excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. The newly proposed pro forma adjustments are pending PSC approval and therefore, are not reflected in the Total as Adjusted ROE for the twelve months ending June 30, 2018.

ADJ #	DESCRIPTION	REVENUE	O&M EXPENSE	DEPREC & AMORT EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 21%	PLANT IN SERVICE	ACCUM DEPRE	CWIP	ADIT	DEFERRED DEBITS & CREDITS	WORKING CAPITAL
1	ANNUALIZE WAGES, BENEFITS AND PAYROLL TAXES		14,640		1,037	(784)	(3,127)						1,830
2	INCENTIVE COMPENSATION ADJUSTMENT ⁽¹⁾		675,158		16,524	(34,584)	(137,991)						84,395
3	REMOVE EMPLOYEE CLUBS			(13,130)		657	2,619	(537,634)	(216,868)	(343)			-
4	RECOGNIZE PROPERTY RETIREMENTS, DEPRECIATION RESERVES					-	-	-	-				-
5	RECOGNIZE PROPERTY ADDITIONS/ADJUSTMENTS, PLANT IN SERVICE					-	-	-	-				-
6	ANNUALIZE DEPRECIATION- RESERVE ADJUSTMENT			510,941		(25,547)	(101,933)		657,376				-
7	ANNUALIZE PROPERTY TAXES				1,595,239	(79,762)	(318,250)						-
8	ANNUALIZE CUSTOMER AWARENESS CAMPAIGN EXPENSES		(96,104)			4,805	19,173						(12,013)
9	ANNUALIZE HEALTH CARE EXPENSES		(139,358)			6,968	27,802						(17,420)
10	OTHER POST-EMPLOYEE BENEFITS ⁽¹⁾		50,502			(2,525)	(10,075)					(37,902)	6,313
11	ANNUALIZE INSURANCE EXPENSE		1,131			(57)	(226)						141
12	TAX EFFECT OF ANNUALIZED INTEREST					1,352	5,395						-
13	PENSION - CURRENT EXPENSE		(537,326)			26,866	107,197						(67,166)
14	WNA AMORTIZATION			97,044		(4,852)	(19,360)						-
15	ANNUALIZED REVENUE INCREASE (Order No. 2017-623)	956,937			5,180	47,588	189,876						-
	TOTAL ADJUSTMENTS	956,937	(31,358)	—	594,855	1,617,980	(59,875)	(238,901)	(537,634)	440,508	(343)	-	(37,902)
													(3,920)

(1) Reflects reversal of certain prior period incentive accruals

The financial information contained here excludes from SCE&G's capital structure the effects of impairments recorded for financial reporting purposes in response to uncertainties concerning the recovery of its investment in the new nuclear development project. SCE&G has computed the returns set forth here based on its pre-impairment capital structure. Further, the capital structure includes the net impact of the third quarter debt issuance.

Additionally, SCE&G filed its 2018 RSA Filing on June 15, 2018, for the test year ended March 31, 2018, with newly proposed pro forma adjustments including the estimated annualized impact of the Tax Cuts and Jobs Act ("Tax Act"). The proposed Tax Act adjustments included the treatment of certain accumulated deferred income taxes representing excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. The newly proposed pro forma adjustments are pending PSC approval and therefore, are not reflected in the Total as Adjusted ROE for the twelve months ending June 30, 2018.

**SUPPLEMENTAL
SCHEDULE
TO EXHIBIT A**

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
RATE BASE DETAIL TOTAL GAS OPERATIONS
12 MONTHS ENDED
June, 2018**

<u>NET DEFERRED DEBITS/CREDITS</u>	<u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u>	<u>ACCOUNTING & PRO FORMA ADJUSTMENTS</u>	<u>TOTAL AS ADJUSTED</u>
	\$	\$	\$
ENVIRONMENTAL	10,638,353	0	10,638,353
PENSION DEFERRAL	6,621,171	0	6,621,171
FSB 106 RATE BASE REDUCTION	(18,381,214)	(37,902)	(18,419,116)
TAX DEFERRALS	(82,200,500)	0	(82,200,500)
TOTAL	(83,322,190)	(37,902)	(83,360,092)
 <u>MATERIALS & SUPPLIES</u>			
NATURAL GAS STORAGE	15,894,735	0	15,894,735
OTHER M&S	2,533,351	0	2,533,351
TOTAL	18,428,086	0	18,428,086
 <u>WORKING CAPITAL</u>			
WORKING CASH	8,532,589	(3,920)	8,528,669
PREPAYMENTS	11,055,926	0	11,055,926
CUSTOMER DEPOSITS	(9,668,413)	0	(9,668,413)
AVERAGE TAX ACCRUALS	(14,660,925)	0	(14,660,925)
INJURIES & DAMAGES	(1,085,125)	0	(1,085,125)
TOTAL WORKING CAPITAL	(5,825,949)	(3,920)	(5,829,869)

The financial information contained here excludes from SCE&G's capital structure the effects of impairments recorded for financial reporting purposes in response to uncertainties concerning the recovery of its investment in the new nuclear development project. SCE&G has computed the returns set forth here based on its pre-impairment capital structure. Further, the capital structure includes the net impact of the third quarter debt issuance.

Additionally, SCE&G filed its 2018 RSA Filing on June 15, 2018, for the test year ended March 31, 2018, with newly proposed pro forma adjustments including the estimated annualized impact of the Tax Cuts and Jobs Act ("Tax Act"). The proposed Tax Act adjustments included the treatment of certain accumulated deferred income taxes representing excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. The newly proposed pro forma adjustments are pending PSC approval and therefore, are not reflected in the Total as Adjusted ROE for the twelve months ending June 30, 2018.

	AMOUNT PER BOOKS June 18 (COL 1)	CAPITALIZATION RATIO (COL 2) %	COST OF DEBT RETURN ON EQUITY (COL 3) %	WEIGHTED COST OF CAPITAL (COL 4) %
LONG-TERM DEBT	5,078,770,000	47.50%	5.58%	2.65%
PREFERRED STOCK	100,000	0.00%	0.00%	0.00%
COMMON EQUITY	5,614,191,216	52.50%	13.15%	6.90%
TOTAL	10,693,061,216	100.00%		9.55%

The financial information contained here excludes from SCE&G's capital structure the effects of impairments recorded for financial reporting purposes in response to uncertainties concerning the recovery of its investment in the new nuclear development project. SCE&G has computed the returns set forth here based on its pre-impairment capital structure. Further, the capital structure includes the net impact of the third quarter debt issuance.

Additionally, SCE&G filed its 2018 RSA Filing on June 15, 2018, for the test year ended March 31, 2018, with newly proposed pro forma adjustments including the estimated annualized impact of the Tax Cuts and Jobs Act ("Tax Act"). The proposed Tax Act adjustments included the treatment of certain accumulated deferred income taxes representing excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. The newly proposed pro forma adjustments are pending PSC approval and therefore, are not reflected in the Total as Adjusted ROE for the twelve months ending June 30, 2018.

EXHIBIT C

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

TWELVE MONTHS ENDED JUNE 30, 2018

NET INCOME AFTER DIV. OF PREF. STOCK	(\$266,398,800)
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EARNINGS PER SHARE	(\$1.86)
--------------------	----------

AVG. NUMBER OF SHARES OUTSTANDING	142,916,917
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The financial information contained here excludes from SCE&G's capital structure the effects of impairments recorded for financial reporting purposes in response to uncertainties concerning the recovery of its investment in the new nuclear development project. SCE&G has computed the returns set forth here based on its pre-impairment capital structure. Further, the capital structure includes the net impact of the third quarter debt issuance.

Additionally, SCE&G filed its 2018 RSA Filing on June 15, 2018, for the test year ended March 31, 2018, with newly proposed pro forma adjustments including the estimated annualized impact of the Tax Cuts and Jobs Act ("Tax Act"). The proposed Tax Act adjustments included the treatment of certain accumulated deferred income taxes representing excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. The newly proposed pro forma adjustments are pending PSC approval and therefore, are not reflected in the Total as Adjusted ROE for the twelve months ending June 30, 2018.

EXHIBIT D

SOUTH CAROLINA ELECTRIC & GAS COMPANY
RATIO OF EARNINGS TO FIXED CHARGES ¹
TWELVE MONTHS ENDED JUNE 30, 2018

LINE NO.		\$000's
1	EARNINGS	
2	Net Income	(514,838)
3	Losses from Equity Investees	5,710
4	Total Fixed Charges, As Below	<u>297,530</u>
5	TOTAL EARNINGS	<u>(211,598)</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	273,069
8	Other Interest	17,970
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	2,834
10	Rental Int. Portion	3,657
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	297,530
13	Pre-tax earnings required to pay Preference Security Div	<u>-</u>
14	Total Fixed Charges and Preference Security Dividend	<u>297,530</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	(0.71)
16	¹ - SEC COVERAGE	

The financial information contained here excludes from SCE&G's capital structure the effects of impairments recorded for financial reporting purposes in response to uncertainties concerning the recovery of its investment in the new nuclear development project. SCE&G has computed the returns set forth here based on its pre-impairment capital structure. Further, the capital structure includes the net impact of the third quarter debt issuance.

Additionally, SCE&G filed its 2018 RSA Filing on June 15, 2018, for the test year ended March 31, 2018, with newly proposed pro forma adjustments including the estimated annualized impact of the Tax Cuts and Jobs Act ("Tax Act"). The proposed Tax Act adjustments included the treatment of certain accumulated deferred income taxes representing excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. The newly proposed pro forma adjustments are pending PSC approval and therefore, are not reflected in the Total as Adjusted ROE for the twelve months ending June 30, 2018.